

NEIL ABERCROMBIE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

GLENN M. OKIMOTO
DIRECTOR

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FORD N. FUCHIGAMI
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JADINE URASAKI

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF A FUELING FACILITY LEASE
HAWAII FUELING FACILITIES CORPORATION
KONA INTERNATIONAL AIRPORT AT KEAHOLE
TMK: (3) 7-3-43: PORTION OF 003

HAWAII

REQUEST:

Issuance of a direct lease to Hawaii Fueling Facilities Corporation to develop, construct, operate and maintain a fueling facility at Kona International Airport at Keahole (KOA)

LEGAL REFERENCE:

Section 171-59(b), Hawaii Revised Statutes, as amended

APPLICANT:

Hawaii Fueling Facilities Corporation (HFFC), a Hawaii corporation

LOCATION AND TAX MAP KEY:

Portion of Kona International Airport at Keahole, Kailua-Kona, Island of Hawaii, identified by Tax Map Key: 3rd Division, 7-3-43: Portion of 003.

PREMISES:

EXHIBIT A

Land Areas: Space Nos. 006-110 and -117, each containing an area of approximately 7,875 square feet

ITEM M-2

TERM OF LEASE:

Thirty-five (35) years

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation

ANNUAL RENTALS AND RENTAL REOPENINGS:

Due to the substantial improvements to be placed on the Premises by the Applicant, the annual lease rental for the first year is waived pursuant to Sec. 171-6 Powers, Hawaii Revised Statutes

\$16,380.00 for years 2 through 5

\$18,837.00 for years 6 through 10

\$21,662.52 for years 11 through 15

Rental Reopening: Fair Market Rent determined by Independent Appraisal (FMR) for years 16 through 20

FMR from year 15 of the lease term plus 115%, for years 21 through 25

Rental Reopening: FMR for years 26 through 30

FMR from year 30 of the lease term plus 115%. for years 31 through 35

PERFORMANCE BOND:

Sum equal to three months' of the land rental then in effect

ZONING:

State Land Use District: Urban and Conservation
County of Hawaii: Industrial (MG-1a) and Open

LAND TITLE STATUS:

Section 5(a), Hawaii Admission Act Ceded
DHHL 30% entitlement lands Yes ___ No X

CURRENT USE STATUS:

Airport and aeronautical purposes

CHARACTER OF USE:

Development, construction, operation and maintenance of an aviation fuel storage facility to provide fuel at KOA

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site
Improvements: Under Revocable Permit No. 5914, Area/Space No. 006-110 is occupied by the Applicant; Area/Space No. 006-117 is vacant

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

This project will have no significant impact as stated in the Final Environmental Assessment/Finding of No Significant Impact for the Airfield, Terminal and Facility Improvements for KOA as prepared for the State of Hawaii, Department of Transportation, Airports Division by Wilson Okamoto Corporation, Engineers and Planners under WOC Job No. 8027-01 for State Project No. AH2011-05, and dated March 2013.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Registered business name confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Good standing confirmed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

REMARKS:

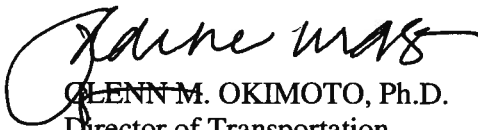
In accordance with Subsection 171-59(b), HRS, as amended, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation (DOT) proposes to issue a direct lease to HFFC, for the development, construction, operation and maintenance of a fueling facility at KOA. The DOT has determined that the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industries at KOA.

By the issuance of this direct lease, HFFC will provide KOA with an additional on-airport aviation fuel supply of three days versus the present one day supply. For safety reasons, this extra fuel storage capacity will reduce the number of trips a fuel tanker truck must make daily from the site of the fuel suppliers' terminal facilities at Hilo Harbor to KOA. DOT, in the public interest, has no objection to HFFC's request.

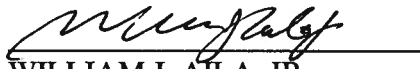
RECOMMENDATION:

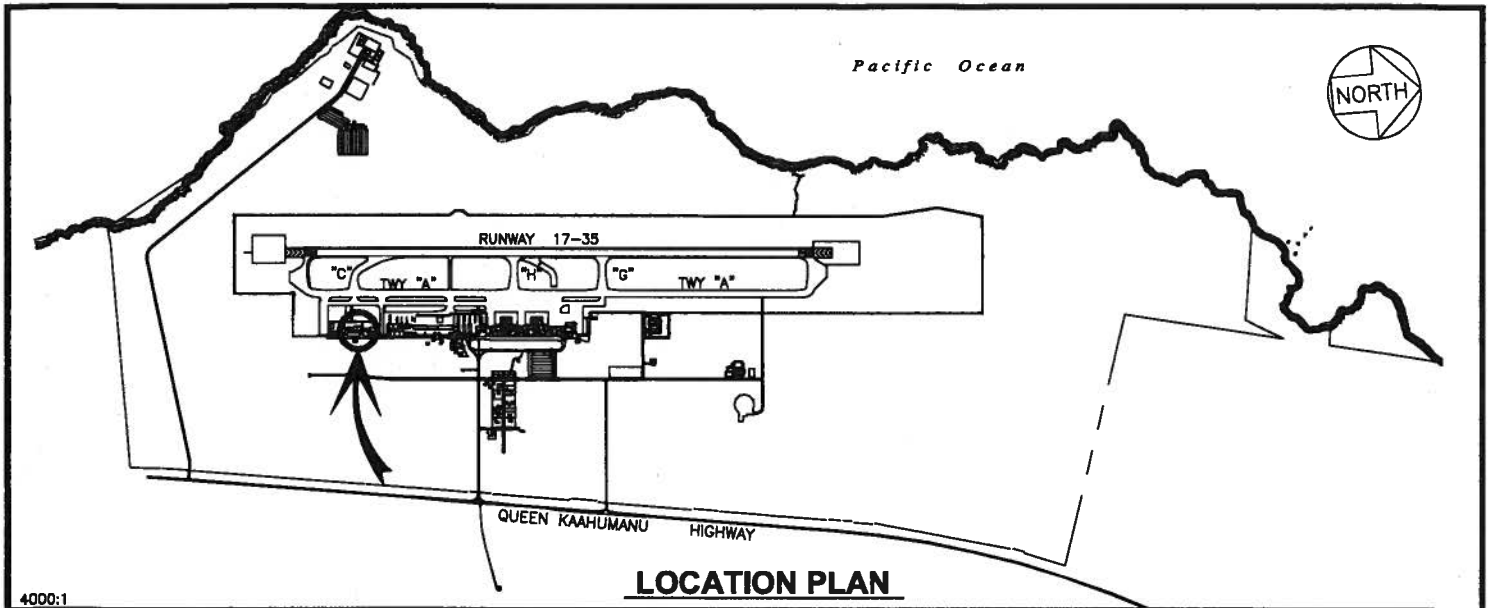
That the Board authorize the issuance of a direct fueling facility lease to HFFC at KOA, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

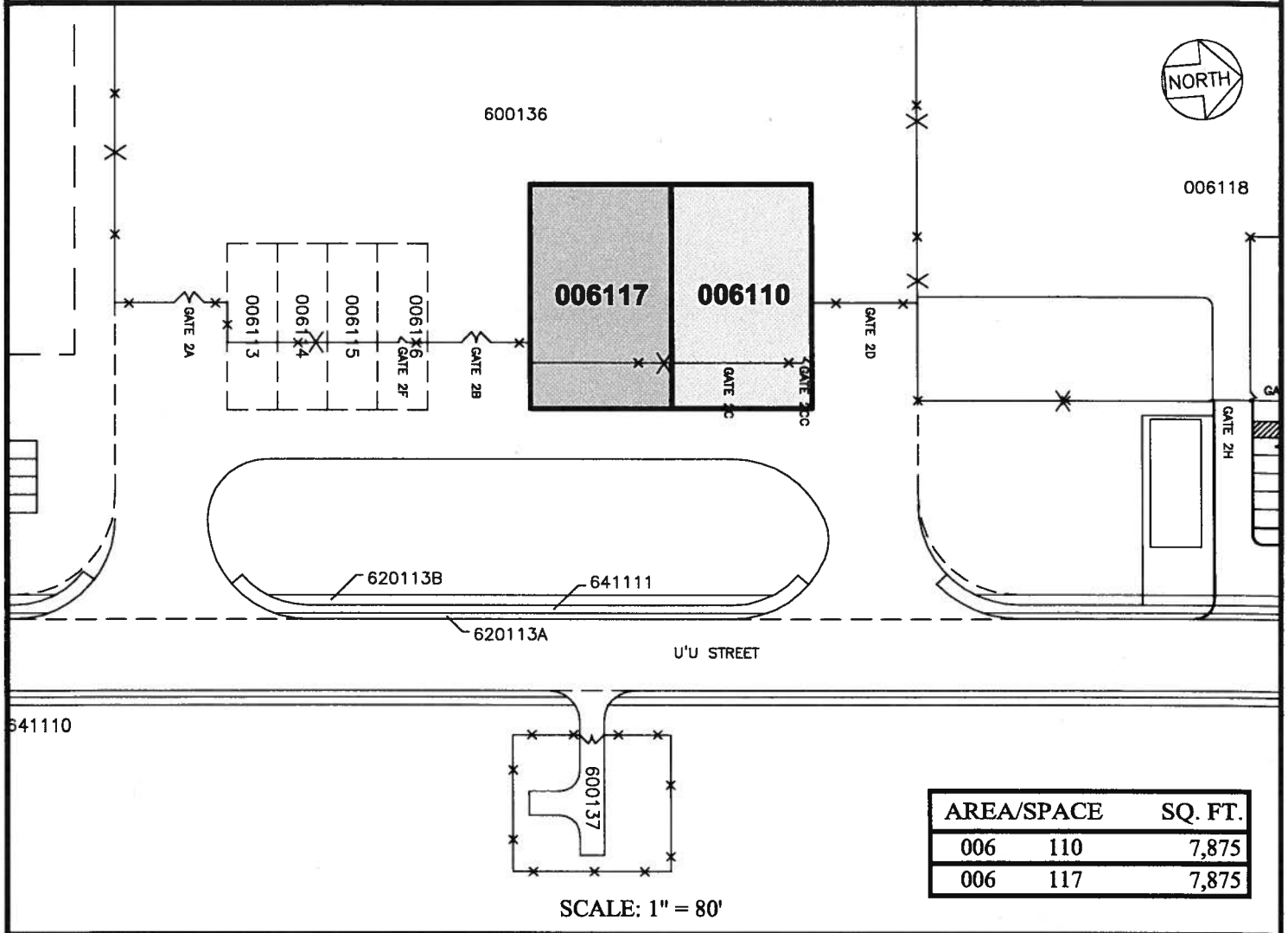

GLENN M. OKIMOTO, Ph.D.
Director of Transportation

APPROVED FOR SUBMITTAL:


WILLIAM J. AILA, JR.
Chairperson and Member



4000:1



DATE : JULY 2013

EXHIBIT: **A**



**HAWAII FUELING
FACILITIES CORPORATION**

**LOTS
SOUTH RAMP AREA**

**006110
006117
PLAT 40**

KONA INTERNATIONAL AIRPORT AT KEAHOLE

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